

Noncompliance Report Summary
Restatement of Noncompliance Summary for the Month Ended October 31, 2007

During October The County, Educational, John Wayne Airport, and Children and Families Commission Investment pools were all free of noncompliance incidents. Although certain Investment Policy Statement (IPS) guidelines were temporarily exceeded during the month in both the County and Educational Pools, the Treasurer believes they did not cause any material impact of a negative nature.

Investment Diversification Disclosure

John Wayne Investment Pool

The Money Market Fund is authorized to purchase an additional 5 percent of its total assets in any authorized investment type for a period not to exceed 30 business days. The IPS requires disclosure of any investing under this provision. During October, as discussed below, the money market funds within the John Wayne Airport Investment Pool invested under this provision.

10-12 A purchase in the John Wayne Airport Investment Pool on October 12, 2007 increased the holdings of money market mutual funds to 20.60% of the market value of the portfolio. However, a portion of money market mutual funds were subsequently sold on October 15, 2007 which brought the total money market mutual fund holdings back within the 20% limitation.

Technical Incident

Educational Investment Pool

The percentage of portfolio holdings for certificates of deposit exceeded 30% of the market value of the portfolio:

10-31 A reduction in the Educational Investment Pool's total assets increased the holdings of certificates of deposit to 31.68% of the market value of the portfolio. The Treasurer expects this to clear when pool balances increase sufficiently or upon the maturities of certificates of deposit holdings on November 14. This will bring the percentage of portfolio holdings in certificates of deposit back within IPS limits.